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Paraguay

Oilseeds and Products Annual

2011

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Report Highlights:

Paraguayan soybean area is estimated to increase by 3 percent to 2.9 million hectares in the 2011/12 marketing year. This year, the crop has had an excellent season and production is expected to reach 8 million metric tons on 2.8 million hectares. Sunflowerseed area is cut by 25 percent for the 2011/12 marketing year because of many pest and disease problems this year. Total area is estimated at 75,000 hectares. This year, yields are well below average and total production is forecast at 100,000 tons (a drop of 50,000 tons from the official USDA estimate).

Commodities:

Oilseed, Soybean
Oil, Soybean
Meal, Soybean
Oilseed, Sunflowerseed
Oil, Sunflowerseed
Meal, Sunflowerseed

Production:

Soybeans

For marketing year (MY) 2011/12, post estimates soybean area increasing by about 100,000 hectares to 2.9 million hectares. Because of the high yields and good soybean prices this year, producers will continue to buy and rent more land to put towards soybean production. The additional hectares will most likely come from cattle pasture in the eastern area of the country where soils are most suitable for soybean production. Cattle producers are receiving excellent prices as well, but those that can, are participating in the movement of cattle herds to the Chaco (Northeastern region) where marginal lands are better for pasture and converting existing pastures in the east to soybean acres. A more aggressive expansion of more than 3 to 5 percent is not expected because there is an underlying negative public perception that biotech soy is taking over Paraguay's pastures. Based on historic yields and the expectation that there could be another la Niña weather pattern next year, production is estimated at 7.8 million metric tons (MMT).

This year, MY2010/11, soybean production is excellent. Post contacts indicate that harvest is about 90 percent complete and yields are ranging from the lowest of 2.2 tons per hectare up to a record 4.6 tons/ha. Average yields are expected to be about 2.8 tons/ha with a production of 8 MMT (500,000 MT above the official USDA estimate). Overall, there were excellent rains this year which was the opposite of what producers expected. Preparations were made for a dry January and February and it turns out that the excess rains caused problems with fungus and disease problems. Producers invested more heavily in fungicides and pesticides than they had anticipated. The wet weather also delayed harvest and left some fields with uneven drying, where the stems remained slightly wet. This caused problems with the harvesting machinery and quality, but overall it was not enough to reduce production by a significant amount.

Production of soybean oil and meal for MY 2009/10, 2010/11, and 2011/12 are reduced slightly from the USDA official numbers based on smaller crush numbers.

Sunflowers

Area for sunflowerseed is expected to drop sharply next year and contacts estimate 75,000 hectares for MY 2011/12. Many producers have already decided not to plant next year due to all of the pest and disease problems associated with sunflower production. Since it is a winter crop, producers will devote resources to wheat production, where there are fewer problems and more markets available. Based on the expectation that there could be another la Niña weather pattern that brings drier conditions next year, yields are expected to increase and more closely reflect historic averages. Production is estimated at 115,000 tons.

For MY2010/11, sunflowers have had a year full of problems and yields are expected to be some of the lowest in the past ten years averaging less than 1.2 tons/ha. Harvested area is estimated at 85,000 ha and production at 100,000 MT. Producers expected a much drier growing season with early talks of la Niña and instead got so much moisture that instead, like soybeans, resulted in fungal diseases in the sunflower crop. On top of that, this year there was a terrible infestation of pigeons, much worse than in previous years. In some fields, nearly 50 percent of the crop was eaten. Post contacts state that since pigeons reproduce nearly 5 to 6 times per year and have an average of 4 offspring per nest, producers view the birds as uncontrollable and only see the problem getting worse. Many will abandon sunflower production.

Consumption:

Soybeans and Soybean Products

According to the Paraguayan Chamber of Grains and Oilseeds Exporters and Traders (CAPECO in Spanish), crush reached a historic level of 1.515 MMT in MY2009/10. Crush is expected to remain steady at 1.525 MMT in MY2010/11 and MY 2011/12. Total capacity for soybean crush is 1.8 MMT annually if all plants are working full-time. It is unlikely that the crushing industry will work at full capacity as sunflowers compete with soy for plant use (about 100,000 MT). Currently there are 8 companies that manage plants in Paraguay. Cargill operates a plant that has an estimated crush capacity of 1 MMT and two additional plants are being built by ADM and Louis Dreyfuss/Bunge (as a joint project) that will add an additional 2 MMT and 1 MMT crush capacity, respectively. It is estimated that the plants will not be up and running until at least 2014. Currently, the Ministry of the Environment is requiring special licenses and permits that are slowing down construction.

For MY 2009/10, 2010/11, and 2011/12, soybean domestic consumption for feed use is expected to remain steady at around 200,000 MT. Likewise, for the same three periods meal consumption for feed use is expected to remain steady at 200,000 MT. There are very few feedlots in Paraguay, and soybeans and soybean products are used in feed rations for the pork and poultry industries. These industries are expected to grow in the future but right now the issue hindering expansion is market access and meeting all of the sanitary requirements in order to be able to export more. Working towards meeting these requirements could take up to 3 years.

For soybean oil, not more than 50,000 MT are consumed annually for food use and no more than 5,000 is consumed for industrial use. Most biodiesel is made with animal fat. Soybean oil is a less attractive alternative since it is much more expensive. The majority of the biodiesel that is made from soybean oil is used for on-farm usage. Post estimates 4,000 MT of oil used in MY2011/12 and MY 2010/11 (down from the USDA estimate of 18,000 MT).

Sunflowers and Sunflower Products

The majority of sunflowerseed produced in Paraguay is crushed in country for meal and oil. Meal and oil consumption is low and most is destined for export markets. For MY2011/12 and MY2010/11 crush is estimated at 90,000 MT to reflect lower production numbers. Crush is maintained at 112,000 MT for MY2009/10. Domestic consumption of meal and oil is relatively stable with oil for food use being no greater than 5,000 MT annually and meal for feed use as a residual around 30,000 MT annually.

Trade:

Soybeans and Soybean Products

Exports of soybeans for MY 2011/12 are estimated at 6.1 MMT and for MY2010/11 at 6.3 MMT (up from 5.635 MMT) based on higher expected production in both years. For 2009/10, post maintains the current USDA estimate of 5.35 MMT. Contacts indicate that exports are on track to meet this estimate with 4.65 MMT shipped through December. Despite the fact that Argentina removed the incentives to import Paraguayan soybeans for crushing and re-export in 2009, this did not negatively affect Paraguayan soybean exports. Before, nearly 50 percent of all bean exports went to Argentina. In calendar year 2010, according to CAPECO, 59 percent of soybean exports were shipped to the EU, followed by Turkey, Russia, Israel and Mexico. Post raises exports to the EU in MY2009/10 to 2.2 MMT (up 1.4 MMT) based on this shift in markets.

Soybean oil exports are estimated at 230,000 MT in MY2011/12, and remain consistent with USDA official numbers for MY 2010/11 and MY 2009/10 at 272,000 MT and 250,000 MT, respectively.

Meal exports are estimated at 1 MMT for both MY2011/12 and MY2010/11 and 1.1 MMT for MY2009/10, all lower than originally estimated based on updated crush figures.

Sunflowers and Sunflower Products

Exports of sunflowerseed are estimated at 25,000 MT for MY2011/12 and reduced to 20,000 for MY2010/11 (down 20,000 MT from the official USDA estimate) based on smaller production numbers for both years. Most sunflower oil is exported and very little is used in-country. Based on official numbers from CAPECO, oil exports for MY2009/10 are reduced to 40,000 MT (down from the official USDA estimate of 65,000 MT). In MY2010/11 and MY2011/12, oil exports are expected to return to 65,000 MT each year despite lower crush numbers because carry in stocks from MY2008/09 and MY2009/10 are high. Sunflower meal exports are estimated at 15,000 MT for each of the three marketing years based on CAPECO statistics.

Stocks:

Very little stocks for soybeans and soybean products and sunflowers and sunflower products are held. Most is exported and the residuals are used for feed use.

Policy:

According to post contacts, current budget expenditures are three times greater than available revenue. This has stirred talks of implementing an export tax on various agricultural projects. There are several laws being discussed in congress at this time that propose taxing soybeans anywhere from 4 to 15 percent. These discussions are on-going and it could take several years for congress to agree on one and implement a new law. The agricultural sector will most likely lobby hard against any type of law that will impose export taxes.

Production, Supply and Demand Data Statistics:

Oilseed, Soybean Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2011	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	2,800	2,800	2,800	2,800		2,900
Area Harvested	2,680	2,680	2,800	2,800		0
Beginning Stocks	127	127	112	77		67
Production	7,200	7,000	7,500	8,000		7,800
MY Imports	20	15	20	15		15
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	7,347	7,142	7,632	8,092		7,882
MY Exports	5,350	5,350	5,635	6,300		6,100
MY Exp. to EU	800	2,200	800	800		800
Crush	1,700	1,515	1,700	1,525		1,525
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	185	200	180	200		200
Total Dom. Cons.	1,885	1,715	1,880	1,725		1,725
Ending Stocks	112	77	117	67		57
Total Distribution	7,347	7,142	7,632	8,092		7,882
1000 HA, 1000 MT						

Oil, Soybean Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,700	1,515	1,700	1,525		1,525
Extr. Rate, 999.9999	0.19	0.19	0.19	0.19		0.19
Beginning Stocks	56	56	66	44		11
Production	323	288	324	290		290
MY Imports	2	2	3	3		3
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0

Total Supply	381	346	393	337		304
MY Exports	250	250	272	272		230
MY Exp. to EU	4	4	4	4		4
Industrial Dom. Cons.	0	2	18	4		4
Food Use Dom. Cons.	65	50	70	50		50
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	65	52	88	54		54
Ending Stocks	66	44	33	11		20
Total Distribution	381	346	393	337		304
1000 MT, PERCENT						

Meal, Soybean Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Mar 2010		Market Year Begin: Mar 2011		Market Year Begin: Mar 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	1,700	1,515	1,700	1,525		1,525
Extr. Rate, 999.9999	0.79	0.78	0.79	0.78		0.78
Beginning Stocks	157	157	113	39		29
Production	1,335	1,182	1,335	1,190		1,190
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		
Total Supply	1,492	1,339	1,448	1,229		1,219
MY Exports	1,250	1,100	1,250	1,000		1,000
MY Exp. to EU	150	150	150	150		150
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	129	200	130	200		200
Total Dom. Cons.	129	200	130	200		200
Ending Stocks	113	39	68	29		19
Total Distribution	1,492	1,339	1,448	1,229		1,219
1000 MT, PERCENT						

Oilseed, Sunflowerseed Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	100	100	100	100		75
Area Harvested	80	80	100	85		0
Beginning Stocks	40	40	17	17		6
Production	100	100	150	100		115
MY Imports	5	5	5	5		5
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0

Total Supply	145	145	172	122		126
MY Exports	10	10	40	20		25
MY Exp. to EU	0	0	0	0		0
Crush	112	112	112	90		90
Food Use Dom. Cons.	1	1	1	1		1
Feed Waste Dom. Cons.	5	5	5	5		5
Total Dom. Cons.	118	118	118	96		96
Ending Stocks	17	17	14	6		6
Total Distribution	145	145	172	122		127
1000 HA, 1000 MT						

Oil, Sunflowerseed Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	112	112	112	90		90
Extr. Rate, 999.9999	0.45	0.45	0.45	0.44		0.44
Beginning Stocks	45	45	30	55		30
Production	50	50	50	40		40
MY Imports	5	5	5	5		5
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	100	100	85	100		75
MY Exports	65	40	65	65		65
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	5	5	5	5		5
Feed Waste Dom. Cons.	0	0	0	0		0
Total Dom. Cons.	5	5	5	5		5
Ending Stocks	30	55	15	30		5
Total Distribution	100	100	85	100		75
1000 MT, PERCENT						

Meal, Sunflowerseed Paraguay	2009/2010		2010/2011		2011/2012	
	Market Year Begin: Apr 2010		Market Year Begin: Apr 2011		Market Year Begin: Apr 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Crush	112	112	112	90		90
Extr. Rate, 999.9999	0.46	0.46	0.46	0.45		0.45
Beginning Stocks	9	9	5	10		5
Production	51	51	51	40		40
MY Imports	0	0	0	0		0
MY Imp. from U.S.	0	0	0	0		0
MY Imp. from EU	0	0	0	0		0
Total Supply	60	60	56	50		45

MY Exports	20	15	20	15		15
MY Exp. to EU	0	0	0	0		0
Industrial Dom. Cons.	0	0	0	0		0
Food Use Dom. Cons.	0	0	0	0		0
Feed Waste Dom. Cons.	35	35	31	30		25
Total Dom. Cons.	35	35	31	30		25
Ending Stocks	5	10	5	5		5
Total Distribution	60	60	56	50		45
1000 MT, PERCENT						